

**Comptroller's Directive No. 2-05**  
**Attachment 30**  
**Restricted Net Assets**

---

**Purpose**

This attachment is used to accumulate restricted net asset information for the general fund and for selected non-financial statement template special revenue funds. This information will be used to ensure compliance with GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, which is effective for FY 2006.

---

**Applicable agencies**

All agencies.

---

**Due date**

**December 8, 2005**

---

**Submission requirements**

Contact DOA if the agency has any problems with the files.

**After downloading the files, rename the spreadsheet file using the agency number followed by Att30.** For example, agency 151 should rename its Attachment 30.xls file as 151Att30.xls.

Submit the excel spreadsheet electronically to [finrept@doa.virginia.gov](mailto:finrept@doa.virginia.gov).

Copy APA via E-mail to [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).

Do **not** submit paper copies of the excel attachment.

---

---

**Comptroller's Directive No. 2-05**  
**Attachment 30**  
**Restricted Net Assets**

---

**Net asset  
definition**

Net assets are defined as the difference between assets and liabilities in the government-wide statement of net assets. Net assets are further divided into three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

---

**Restricted net  
asset definition**

Net assets are reported as **restricted** when constraints placed on net asset use are either:

- Externally imposed by parties outside of the government (For example: creditors, such as through debt covenants; grantors; contributors/donors; or laws or regulations of other governments)
- Imposed by law through constitutional provisions or enabling legislation

Per GASB Statement No. 34, enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. **The enabling legislation must create the resources, as opposed to earmark already existing resources for a specific purpose.**

GASB Statement No. 46 was issued to clarify the meaning of legally enforceable as it applies to restrictions imposed on net asset use by enabling legislation. **Legal enforceability** means that **a government can be compelled by an external party**—such as citizens, public interest groups, or the judiciary—to **use resources created by enabling legislation only for the purposes specified by the legislation.**

---

**Restricted net  
asset  
submission  
from FY 2001**

Agencies can refer to **Restricted Net Assets – FY 2001** on DOA's website at [www.doa.virginia.gov](http://www.doa.virginia.gov) for reference. Click on the "Financial Reporting" button, then click on "Financial Statement Directives." This file compiles the restricted net asset information as originally submitted on Attachment W in FY 2001. **DOA is not attesting to the accuracy of this information, but thought it might be helpful for agencies to have access to the prior submission. Use the criteria in the current year Attachment 30 to re-evaluate whether net assets for each agency/fund are restricted.**

---

**Comptroller's Directive No. 2-05**  
**Attachment 30**  
**Restricted Net Assets**

---

**Spreadsheet  
instructions—  
Part 1-  
Summary tab**

Please evaluate the following to determine if the agency has any funds that must be analyzed on this attachment.

Step	Action
	Retrieve the <b>Attachment 30 – Restricted Net Asset</b> file from DOA's website at <a href="http://www.doa.virginia.gov">www.doa.virginia.gov</a> . Click on the "Financial Reporting" button, then click on "Financial Statement Directives." This file will be placed on the website in July after preliminary close.
	Complete the contact information.  Left click on the control agency number. Review the "Special Revenue Fund Tab Required?" and the "General Fund Tab Required?" columns to determine the tabs the control agency must complete.  If neither the Special Revenue tab nor the General Fund tab are required, the agency does not need to submit the attachment.

---

**Spreadsheet  
instructions—  
Part 2-Special  
Revenue tab**

If this tab is applicable per the Part 1 – Summary tab, evaluate the following to determine if net assets should be reported as restricted.

Step	Action
	If the "Special Revenue Tab Required?" column on the Part 1 - Summary Tab contained a "Yes," this tab must be completed. Left click on the control agency to display the agencies under its control.
1	Are there constraints on net asset use that are <b>externally imposed by parties outside of the government?</b> (Creditors, such as through debt covenants; grantors; contributors; or laws or regulations of other governments)  Use the drop down menu to answer yes or no.
2	If yes to Step 1, describe the external restriction. If no to Step 1, enter N/A.

---

*Continued on next page*

**Comptroller's Directive No. 2-05**  
**Attachment 30**  
**Restricted Net Assets**

---

**Spreadsheet instructions—Part 2-Special Revenue tab (continued)**

Step	Action
3	<p>Are there constraints on net asset use that are imposed by law through <b>constitutional provisions</b>?</p> <p>Use the drop down menu to answer yes or no.</p>
4	<p>If yes to Step 3, describe the restriction and provide the applicable Constitutional reference.</p> <p>If no to Step 3, enter N/A.</p>
5	<p>Are there constraints on net asset use that are imposed by law through <b>enabling legislation</b>?</p> <p>The enabling legislation must <b>create</b> the resources, as opposed to earmark already existing resources for a specified purpose <b>AND</b> the restriction must be <b>legally enforceable by a third party</b>. Legal enforceability means that a government can be compelled by an external party—such as citizens, public interest groups, or the judiciary—to use resources created by enabling legislation only for the purposes specified by the legislation.</p> <p>Use the drop down menu to answer yes or no.</p>
6	<p>If yes to Step 5, describe the restriction and provide applicable Code sites <b>and</b> Appropriation Act sections.</p> <p>If no to Step 5, enter N/A.</p>
7	<p>Step 7 automatically determines whether there could be restricted net assets in the fund based on previously completed steps. If Step 7 is No, enter N/A for Steps 8-13.</p> <p>If Step 7 is Yes, proceed to Step 8.</p>
8	<p>Are <b>ALL</b> net assets in this fund restricted?</p> <p>Use the drop down menu to enter yes or no.</p>
9	<p>If no to Step 8, and only a portion of the net assets are restricted, how can the restricted net assets be identified?</p> <p>If yes to Step 8, enter N/A.</p>

---

*Continued on next page*

**Comptroller's Directive No. 2-05**  
**Attachment 30**  
**Restricted Net Assets**

**Spreadsheet instructions—Part 2-Special Revenue tab (continued)**

Step	Action
10	If no to Step 8, and only a portion of the net assets are restricted, is there a particular revenue source code associated with the restricted net assets? If so, please identify.  If yes to Step 8, enter N/A.
11	Have any restricted net assets been used for a purpose other than their intended purpose?  Use the drop down menu to enter yes or no.
12	If Yes to Step 11, how were the restricted net assets used, and why?  If no to Step 11, enter N/A.
13	If Yes to Step 11, what amount was used for an alternate purpose?  If no to Step 11, enter N/A.

**Spreadsheet instructions—  
Part 3-General Fund tab**

If this tab is applicable per the Part 1 – Summary tab, evaluate the following to determine if revenue is restricted in nature.

Step	Action
	If the “General Fund Tab Required?” column on the Part 1 - Summary Tab contained a “Yes,” this tab must be completed. Left click on the control agency to display the agencies under its control.
1	Are there constraints on revenue use that are <b>externally imposed by parties outside of the government?</b> (For example: creditors, such as through debt covenants; grantors; contributors/donors; or laws and regulations of other governments)  Use the drop down menu to answer yes or no.
2	If yes to Step 1, describe the external restriction. If no to Step 1, enter N/A.

*Continued on next page*

**Comptroller's Directive No. 2-05**  
**Attachment 30**  
**Restricted Net Assets**

---

**Spreadsheet instructions—Part 3-General Fund tab (continued)**

Step	Action
3	<p>Are there constraints on revenue use that are imposed by law through <b>constitutional provisions</b>?</p> <p>Use the drop down menu to answer yes or no.</p>
4	<p>If yes to Step 3, describe the restriction and provide the applicable Constitutional reference.</p> <p>If no to Step 3, enter N/A.</p>
5	<p>Are there constraints on revenue use that are imposed by law through <b>enabling legislation</b>?</p> <p>The enabling legislation must <b>create</b> the resources, as opposed to earmark already existing resources for a specified purpose <b>AND</b> the restriction must be <b>legally enforceable by a third party</b>. Legal enforceability means that a government can be compelled by an external party—such as citizens, public interest groups, or the judiciary—to use resources created by enabling legislation only for the purposes specified by the legislation.</p> <p>Use the drop down menu to answer yes or no.</p>
6	<p>If yes to Step 5, describe the restriction and provide applicable Code sites <b>and</b> Appropriation Act sections.</p> <p>If no to Step 5, enter N/A.</p>
7	<p>Step 7 automatically determines whether the revenue stream is restricted in nature based on previously completed steps. If Step 7 is No, enter N/A for Steps 8-10.</p> <p>If Step 7 is Yes, proceed to Step 8.</p> <p><b><u>NOTE: DOA may need to contact agencies with general fund restricted revenue streams for additional information.</u></b></p>

---

*Continued on next page*

**Comptroller's Directive No. 2-05**  
**Attachment 30**  
**Restricted Net Assets**

---

**Spreadsheet instructions—Part 3-General Fund tab (continued)**

<b>Step</b>	<b>Action</b>
8	Has any restricted revenue been used for a purpose other than its intended purpose?  Use the drop down menu to enter yes or no.
9	If Yes to Step 8, how was the revenue used, and why?  If no to Step 8, enter N/A.
10	If Yes to Step 8, what amount was used for an alternate purpose?  If no to Step 8, enter N/A.

---

**This Page Intentionally Left Blank**